

504.622 Termination, expulsion, or suspension.

1. A membership in a public benefit or mutual benefit corporation may be terminated or suspended for the reasons and in the manner provided in the articles of incorporation or bylaws.

2. To the extent the articles of incorporation or bylaws do not address the termination or suspension of a member, a member of a public benefit or mutual benefit corporation shall not be expelled or suspended, and a membership or memberships in such a corporation shall not be terminated or suspended except pursuant to a procedure which is fair and reasonable and is carried out in good faith.

3. A procedure is fair and reasonable when either of the following occurs:

a. The articles or bylaws set forth a procedure which provides both of the following:

(1) Not less than fifteen days' prior written notice of the expulsion, suspension, or termination and the reasons therefor.

(2) An opportunity for the member to be heard, orally or in writing, not less than five days before the effective date of the expulsion, suspension, or termination by a person or persons authorized to decide that the proposed expulsion, termination, or suspension not take place.

b. The procedure requires consideration of all relevant facts and circumstances surrounding the expulsion, suspension, or termination by a person or persons authorized to make a decision regarding the proposed expulsion, termination, or suspension.

4. Any written notice given by mail pursuant to this section must be given by first class or certified mail sent to the last address of the member shown on the corporation's records.

5. A proceeding challenging an expulsion, suspension, or termination, including a proceeding alleging defective notice, must be commenced within one year after the effective date of the expulsion, suspension, or termination.

6. A member who has been expelled or suspended may be liable to the corporation for dues, assessments, or fees as a result of obligations incurred or commitments made prior to expulsion or suspension.

2004 Acts, ch 1049, §44, 192; 2012 Acts, ch 1049, §3, 4

Referred to in §504.1032